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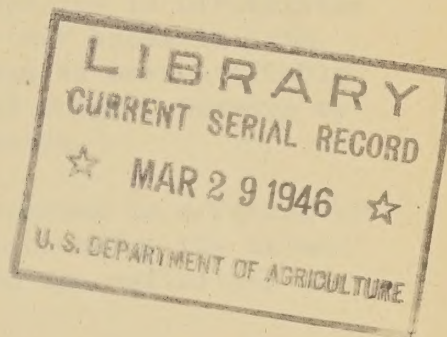
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Washington, D. C.

APPENDIX TO:

THE DISTRIBUTION OF LIQUID ASSETS

A Pilot Study of Personal Holdings
of War Bonds, Bank Deposits, and
Other Liquid Assets . Based on
a Survey in Birmingham, Alabama,
and Douglas County, Illinois



STUDY 113-114 . JUNE 11, 1945 . FOR ADMINISTRATIVE USE ONLY

APPENDIX I: COMPARISON OF SURVEY ESTIMATES OF THE AMOUNTS
OF LIQUID ASSETS WITH DATA FROM OTHER SOURCES

THE SURVEY of liquid asset holdings of a representative sample of Birmingham and Douglas County residents makes it possible to estimate the amount of assets held by all residents of these two areas. By comparing these estimates with data compiled from bank and Treasury records, it was intended to check upon the accuracy of the survey date and on the sampling error involved in the study.

It was not possible, however, to carry out an exact comparison. First, complete records were available only for bank deposits in Birmingham; figures for Douglas County bank deposits and for war bonds in both areas had therefore to be estimated from such data as were available. (All the figures were supplied to the Division of Program Surveys by the Board of Governors of the Federal Reserve System.)

Second, the comparability of the two sets of estimates is affected by the fact that they differ, in varying degrees, concerning the dates to which they apply, the populations covered, and the definition of the various assets.

The survey estimates and those from the other sources are presented side by side in Table 1, and factors affecting the comparability of the two sets of figures are outlined in the pages following. The table shows that the order of magnitude of the survey estimates of Birmingham bank deposits and of Series E bond holdings in both areas corresponds closely to that of the bank and Treasury estimates, but that there is considerable difference in the figures for Douglas County bank deposits.

1. Series E war bonds

a) The Treasury figures in Table 1 are as of March 31, 1945. They therefore include sales for two more months, on the average, than the survey covers.

b) The Treasury estimates are derived from county totals. In this respect, there is no difference between survey and Treasury figures

Table 1. Personal Liquid Asset Holdings in Birmingham and Douglas County

Type of asset	Birmingham		Douglas County	
	Survey estimates	Estimates from other sources	Survey estimates	Estimates from other sources
Checking accounts	\$ 41,538,000	\$ 38,254,000	\$3,855,000	\$8,921,000
Savings accounts	29,741,000	37,682,000	139,000	324,000
Other time deposits	4,954,000	*	242,000	*
Series E bonds**	53,557,000	61,460,000	3,009,000	3,430,000
Other war bonds**	12,144,000	*	618,000	*
Total	\$141,934,000***		\$7,863,000	

*No data available.

**At purchase prices.

***Birmingham residents have, in addition, about 5 million dollars in checking and savings accounts in banks located outside of Birmingham.

NOTE: The two sets of estimates are not strictly comparable; the differences between them are discussed in the Text.

for Douglas County, but Jefferson County, Alabama, in which Birmingham is located, is much larger than metropolitan Birmingham. At the time of the 1940 Census, 88 percent of the Jefferson County population resided in metropolitan Birmingham. To make the two sets of figures roughly comparable with respect to the area covered, the Treasury data for Jefferson County were reduced by 12 percent.

c) The data supplied by the Treasury referred to Series E bonds sold in the two counties, whereas the survey estimate represents bonds held by residents of the two areas. Adjustment of the Treasury figure to exclude bonds bought in these areas by nonresidents, or bonds bought outside the areas by residents, has not been attempted. Even assuming that these amounts would compensate for each other, however, correction must be made for bonds redeemed. The redemption figure for the nation is 17 percent of total sales; the figures supplied for bonds sold in each county were therefore reduced by 17 percent. There have been indications, however, that redemptions in Birmingham exceed the national average; if that is so, the adjusted Treasury figure in Table 1 is an overestimate of E-bond ownership in Birmingham.

2. Bank deposits in Birmingham

a) The bank figures are as of January 31, 1945; the survey estimates are based on interviews held between January 8 and February 24, 1945.

b) The survey estimates apply to residents of metropolitan Birmingham (the city of Birmingham proper and six suburbs--Fairfield, North Birmingham, Tarrant, Irondale, Homewood, and Mountain Brook). The people interviewed were asked about the location of the banks in which they had their accounts; accounts with banks outside of Birmingham were excluded from the totals shown in Table 1. The banks excluded from their figures the accounts of depositors who according to bank records live outside the area of the survey. It is possible, however, that accounts of persons who have moved from the Birmingham area are still recorded under Birmingham addresses and were therefore included in the bank figures; this consideration applies particularly to savings accounts, which do not as a rule involve written communication between banks and depositors.

c) Both survey and bank figures are intended to represent personal, not business, deposits. To the extent that non-personal deposits may not have been excluded from one or the other figure, they are not strictly comparable.

d) Bank records of checking accounts differ from owners' records in that the latter show checks written but not yet presented, whereas the former cannot do so. This "float" is often estimated to be as high as 10 percent of deposits.

3. Bank deposits in Douglas County

In the foregoing analysis it has appeared that differences between what the survey figures take in and what the figures from outside sources represent are on the whole rather minor, so that the latter may serve as something of a check on the accuracy of sampling and reporting in the survey. With regard to bank deposits in Douglas County, however, the difficulty of using bank data as a check on the survey is considerable, owing to marked differences in what the two sets of figures cover. Factors affecting the comparability of the figures are as follows:

- a) The bank figures are as of January 31, 1945; the survey data are based on interviews held between January 8 and February 10, 1945.
- b) No distinction was made, in the bank data, between the accounts of county residents and those of nonresidents; hence both are included in the "estimates from other sources" shown in Table 1. This factor would have considerable effect on the bank estimate if, for example, absentee owners of Douglas County farms and retired farmers tend to keep deposits in Douglas County banks though residing outside the county. That such may be the case is suggested by the fact that the largest town in Douglas County has a population of less than 3,000, whereas in the adjacent counties there are a number of much larger towns.
- c) Only five of the eight banks in the county supplied data on personal deposits, and these five gave incomplete records, mostly of accounts of over \$3,000. The Federal Reserve Bank of Chicago estimated the total personal deposits in all Douglas County banks by extrapolating from information that represents 44 percent of the total.
- d) Both bank and survey estimates were intended to represent only personal holdings. It has been assumed, from the fact that virtually all the farmers, even in the lowest income brackets, reported having checking accounts, that the survey figures do include some "business" deposits. It appears probable, however, that the bank figures include business deposits of farmers to greater degree and possibly also business deposits of non-farmers:

On the one hand, the bank estimates presented in Table 1 account for roughly 90 percent of the total deposits carried by Douglas County banks. This ratio of personal deposits to total deposits is much higher than that found in other comparable banks. The possibility cannot be ruled out that business deposits are unusually small in Douglas County; it is notable, however, that the size of the deposits

in Douglas County greatly exceeds the national average. According to the bank figures, Douglas County farmers have an average of over \$3,500 per family in demand deposits, whereas, the national average for farmers is less than \$700. (The personal demand deposits of American farmers amounted to 4.7 billion dollars on January 31, according to the Federal Reserve Bulletin of April 1945.)

On the other hand, while it has been presumed that farmers in the survey included some business deposits in reporting their checking accounts, it may easily be that the amounts of such deposits were underreported. In the interviews farmers may have disregarded deposits resulting from recent sales of produce (the bank deposits of farmers have a seasonal peak in winter owing to such sales), because they considered such deposits temporary or because of the framework of the interview, in which "different ways of saving" were emphasized. For the same reasons, tenant farmers operating on a share-cash basis might have omitted from their reports sums reserved for settlement with farm owners; such settlements are typically made in the early spring. The likelihood of underreporting in the interviews, because of these or other considerations (see e below), is suggested by the fact that, whereas according to bank records accounts of over \$10,000 total \$2,100,000, according to the survey they total only \$560,000.

e) It may be that to some extent the most well-to-do farmers were underrepresented in the sample surveyed. For example, those who take Florida vacations during the winter months would not be available for interviewing. While sampling procedures compensate for such factors as this to a considerable extent, they may not have done so in all instances.

f) Checks "in float" must be taken into consideration (see page 3). The amounts thus involved may have been particularly large in Douglas County, because farmers had to meet an income tax deadline on January 15th.

To summarize the discussion of the Douglas County bank deposits, it may be said that if the differences in what the figures stand for could be adjusted the two estimates would be brought closer together. Further analysis would be required to resolve these differences definitely.

In summarizing the comparisons made between survey estimates and the data from other sources, it appears that:

1) The small differences between the two estimates of E-bond holdings are probably due to the differences in the dates to which they apply, and, in the case of Birmingham, to insufficient allowance for redemptions in adjusting the Treasury figure.

2) With respect to Birmingham bank deposits, the estimates of which are quite close to each other, the figures also resemble each other rather closely in regard to what they represent.

3) The two estimates of Douglas County bank deposits, which unlike the other sets of figures differ greatly from each other, also differ greatly in what they represent, inasmuch as it was not possible to exclude from the bank estimates certain deposits that the survey was not intended to cover.

APPENDIX II. THE HOLDINGS OF CURRENCY

ON FEBRUARY 1, 1945, the total amount of currency in circulation (outside of the banking system) was 23.5 billion dollars. Although this total includes amounts held abroad, amounts held by business firms, and "transaction holdings," as well as personal reserves and savings, it is estimated from this figure that the average currency holdings per family exceed \$500.*

In the survey here reported, the amounts of cash people said they "keep around for business and living expenses" average \$48 per family in Birmingham, \$34 per family in Douglas County. The amounts they reported as their savings in currency average \$18 and \$27 per family, respectively. If, for purposes of comparison, the two types of currency holdings are added, there remains a considerable discrepancy between the estimate derived from the national circulation data, and those derived for the two areas from the interviews.

This discrepancy may be explained in one of two ways: Either there was widespread and systematic underreporting of currency holdings throughout the survey, or else there was underreporting of currency on the part of a small number of people who hold large amounts. Although it is impossible to determine conclusively which of these explanations is correct, the latter seems the more likely one. The analysts were impressed by the apparent honesty of most respondents. Most respondents gave convincing reasons for not holding large amounts of currency--that it is a temptation to spending, that it is too accessible to thieves, and so on. Furthermore, people who may have had reason to conceal their holdings--for example, because they might be engaged in black market activities, because they held currency in order to evade income tax, or because of a neurotic attachment to currency as the safest form in which to keep money--would seem to be most likely to have large sums in this form. Underreporting on the part of a small group of large holders of this kind would very decidedly affect the totals of the currency figures obtained in the survey, and therefore the family averages.

*A year ago, when the amount in circulation was smaller, the Federal Reserve Bulletin estimated the currency holdings per family at \$450 (Federal Reserve Bulletin, April 1944, p. 323).

The effect on the currency totals of underreporting by a certain proportion of the people interviewed can be determined if it is assumed that the actual amount of currency held per family on the average in the two sample areas is equal to the \$500 national average per family. On the basis of this assumption it follows that if 90 percent of the people interviewed were substantially correct in their statements of their currency holdings, the remaining 10 percent must hold approximately \$4,400 on the average. If only 70 percent of the respondents reported their currency holdings accurately, the average holdings of the remaining 30 percent would be about \$1,500. Even these figures, however, may fail to give a full impression of the concentration of currency holdings because it is almost certain that the distribution of currency holdings among people who underreported is considerably skewed.

It is assumed that a great majority of people gave a close approximation of their currency holdings, the medians derived from the survey figures are reasonably close to the truth. Table 2 shows the median amounts of currency reported as kept on hand for expenses, Table 3 the median amounts reported as savings by those who say they keep savings in currency. (It should be noted that these tables, like all the other tables in this report, are based on the spending unit, not the family.)

Table 2. Median Amounts of Cash on Hand Reported by All Spending Units According to Income Bracket

All people in income bracket*	Birmingham	Douglas County nonfarm	Douglas County farm
1 (lowest)	\$20	\$15	\$10
2	15	10	10
3	20	20	20
4	20	20	20
5	40	30	20
6 (highest)	40	**	20
All brackets	\$20	\$20	\$20

*For income classification see Table 2 of the report.

**Too few cases to compute a median.

Table 3. Median Amounts of Currency Savings of Those Spending Units Reporting Savings in this Form--According to Income Bracket

Income bracket*	Birmingham	Douglas County nonfarm
1 (lowest)	\$60	\$80
2	60	80
3	100	260
4	100	200
5	**	**
6 (highest)	**	**
All brackets	\$100	\$100

Both tables show that the median holdings reported by people in the upper income brackets are not substantially higher than those reported in the lower income groups. Again, in Table 4, showing the percentage of people at each income level who reported having currency savings, there is no relationship with income.

Table 4. Percentage of Spending Units in Each Income Bracket Who Report Savings in Form of Currency

Income bracket*	Birmingham		Douglas County nonfarm		Douglas County farm	
	No. of persons in income bracket	Percent reporting currency savings	No. of persons in income bracket	Percent reporting currency savings	No. of persons in income bracket	Percent reporting currency savings
1 (low)	61	5%	88	21%	30	13%
2	69	15	37	15	23	0
3	103	10	49	12	29	3
4	108	7	36	16	36	5
5	42	7	11	0	19	0
6 (high)	32	10	**	**	17	0
All brackets	423***	9%	231***	16%	160***	4%

*For income classification see Table 2 of the report.

**The number of cases in Douglas County farm was too small to permit computation of median. Other items given this notation represent frequencies too small for statistical treatment.

***Including cases where income was not ascertained.

Assuming that most people were truthful in reporting that they do not hold savings in the form of currency, it becomes clear that this form of accumulating liquid assets is the least popular of the four forms studied. Only nine percent of the Birmingham population report that they save currency, whereas 31 percent report holding demand deposits, 41 percent time deposits, and 74 percent war bonds (see Table 3 in the report). It is notable in Douglas County that more nonfarmers than farmers report holding savings in currency.

APPENDIX III. PATTERNS OF LIQUID ASSET HOLDINGS

HOW ARE THE LIQUID ASSETS accumulated by individuals distributed among the different types of assets? How many people have only war bonds, only time deposits, only demand deposits? What are the preferred combinations of liquid assets?

Holding two types of assets
is more frequent
than holding only one type

Both in Birmingham and in Douglas County (farm operators excluded), a fourth of the population held only one type of liquid asset (Table 5, part A). This quarter of the population represents over 30 percent of the holders of liquid assets. By far the most favored asset in this group is war bonds.

A greater proportion of people, however--half to four-fifths of those with liquid assets--have their holdings divided between two types. The most favored combination in Birmingham is war bonds and time deposits (a combination held by 21 percent of the population), in Douglas County war bonds and demand deposits (a combination held by 32 percent of all the nonfarmers, 70 percent of the farmers).

Most holders have at least half
their holdings in one type of asset

From a third to two-fifths of each of the three populations (or from a third to a half of the holders) are predominantly holders of war bonds (Table 5, B); that is, they have more than 50 percent of their total liquid assets in war bonds. It is not uncommon, however, for Birmingham holders to keep more than half their assets in time deposits, and for Douglas County nonfarm people to keep more than half of theirs in demand deposits. Among the farm operators, demand deposits are most often the predominant type of liquid asset. There are few holders who have no predominant medium of saving in this sense.

The four types of liquid assets may be arranged in two groups--war bonds and time deposits, as against demand deposits and currency--both from the point of view of monetary considerations and from that of people's subjective appreciation of their liquid assets (see Chapter III of the main report). This division of individual holdings is

Table 5. Distribution of Spending Units According to their Patterns of Liquid Asset Holdings

A. How Many Types of Assets Do People Hold?

Number of types held	Birmingham	Douglas County nonfarm	Douglas County farm
One type only	26%	25%	12%
War bonds only	19%	13%	2%
Time deposits only	5	1	0
Demand deposits only	1	6	10
Currency only	1	5	0
Two types	40	47	79
Three types	15	7	7
Four types	0	2	0
Have no liquid assets	19	19	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	423	231	160

B. Have People Concentrated the Greater Part of Their Assets in One Type, or Have They Diversified Their Holdings?

Proportion of total liquid assets held in one type	Birmingham	Douglas County nonfarm	Douglas County farm
More than 50 percent			
In war bonds	40%	35%	33%
In time deposits	20	4	1
In demand deposits	8	24	52
In currency	3	8	2
In none of the four types	2	5	3
Proportions not ascertained	8	5	7
Have no liquid assets	19	19	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	423	231	160

Table 5 continued

**C. How Many People Have Concentrated Their Assets
in War Bonds and Time Deposits?**

Percentage of total liquid assets held in war bonds and time deposits	Birmingham	Douglas County nonfarm	Douglas County farm
75 to 100%	57%	29%	16%
25 to 74%	12	28	42
0 to 24%	7	19	32
Not ascertained	5	5	8
Have no liquid assets	19	19	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	423	231	160

made in part C of Table 5. In Birmingham, 57 percent of the people (constituting 70 percent of the holders) have three-fourths or more of their liquid assets in war bonds and time deposits; only a few people have three-fourths or more in the subjectively less "permanent" demand deposits and currency. This situation does not prevail in Douglas County.

The higher the income,
the greater the diversification
of liquid asset holdings

In general, the various income classes are characterized by different patterns of liquid asset holdings. In the lowest brackets, holding only one type of asset is common (Table 6, A); in the highest brackets, diversification is the rule. The shift from concentration to diversification is progressive from the lowest to the highest income brackets.

In the lower brackets, most people hold only or primarily war bonds or time deposits; people in the higher brackets more frequently divide their assets between war bonds or time deposits on the one hand, and demand deposits on the other (Table 6, C). Nevertheless, upper-income people do frequently hold over half their liquid assets in the form of war bonds (Table 6, B).

**Table 6. Distribution of Holders in Each Income Bracket
According to Patterns of Liquid Assets***

Pattern of holdings	Income bracket					
	1	2	3	4	5	6

**A. Proportion of Holders of Liquid Assets
Whose Assets Are All of One Type**

All assets of one type:						
Birmingham	63%	52%	36%	20%	13%	10%
Douglas County nonfarm	50	48	29	11	0	0
Douglas County farm	29	14	3	19	5	0

**B. Proportion of Holders Who Have More than 50 Percent
of Their Liquid Assets in One Type--Birmingham**

More than 50 percent:						
In war bonds	33%	37%	52%	54%	46%	44%
In time deposits	43	29	26	21	20	12
In demand deposits	8	9	8	6	18	27

**C. Concentration of Liquid Assets in War Bonds
and Time Deposits--Birmingham**

Proportion held in war bonds and time deposits:						
75 to 100 percent	80%	70%	76%	73%	57%	37%
25 to 74 percent	6	11	14	15	21	34
0 to 24 percent	8	19	5	5	11	12

*Only the most important patterns shown in Table 5 are presented here by income groups. In parts B and C the columns each add to less than 100 percent because of the omission of the following percentages: from B, holders who have more than 50 percent in currency or in no one type of asset; from both B and C, holders whose patterns of asset distribution were not ascertained. For income classification, see Table 2 in the main report.

The assets of Small Holders
are concentrated in war bonds

In one respect patterns of liquid asset holdings do not seem to be a function of income. As shown in Table 6, B, holding one-half or more of one's total assets in war bonds is about as frequent in the lower as in the upper income classes. In this respect, however, Large Holders* differ substantially from Small Holders. In Birmingham, Small Holders--that is, people who have small holdings by comparison with others in the same income bracket--have concentrated their liquid assets to a greater extent in war bonds than have Medium Holders, and Medium Holders to a greater extent than Large Holders (Table 7). In Douglas County this relationship is less pronounced.

Table 7. Proportions of Large, Medium, and Small Holders
in Birmingham Who Have Their Assets Concentrated
in War Bonds

Proportion of assets held in war bonds	Large holders	Medium holders	Small holders
All liquid assets in war bonds	3%	21%	51%
Over 50 percent of assets in war bonds	36	49	70

Except for the findings presented in Table 7, there is no significant difference between the patterns of assets of Large and Small Holders.

*See Chapter I, section 3, of the main report for the definition of Large, Medium, and Small Holders.

APPENDIX IV. THE INCREASE IN LIQUID ASSETS IN 1944

WHAT CHANGES did people make in 1944 in their liquid asset holdings? The available statistical data on the increase in war-bond and bank-deposit holdings do not fully answer this question. They do not show whether any appreciable proportion of the population made no additions to or even reduced their liquid assets in 1944, or whether people in the upper brackets added relatively more to their holdings than did those in the lower brackets. Nor do they tell how many people put their additional savings primarily into war bonds, how many primarily into other forms of liquid assets.

The survey findings throw some light on these questions as they apply to people in Birmingham and Douglas County. While the information obtained in the survey is neither exact nor complete enough to provide a basis for estimating the absolute amounts of war bonds, bank deposits, etc., acquired in 1944,* it does indicate the extent of individual differences in the acquisition of the various assets during the year preceding the survey.

It will be shown in this section that: (1) In Birmingham and Douglas County more than a fifth of the holders of liquid assets did not increase their assets in 1944. (2) In that year war bonds were by far the most popular savings medium. (3) The six income classes and the three populations are similar with respect to the proportions who

*In the interviews, people were asked how much they had in each of the various types of liquid assets, and then how much they had had in the same form "at this time last year." Since the survey was made in January and February 1945, the differences between the two amounts named in each case is not identical with the savings of the year 1944; for the sake of brevity, however, we shall speak of it as the 1944 savings increment or decrement.

While in regard to their four types of "current" holdings only a few respondents refused to give or were unable to give information (information from seven percent of those interviewed was incomplete, representing about two percent of the data requested), "last year's" assets were more frequently unascertainable, 16 percent failing to furnish information about one or more of their assets of the previous year. Moreover, answers referring to periods remote from the time of an interview are generally less reliable than those pertaining to current conditions; some individuals said explicitly that they could give only rough estimates of their holdings of a year ago.

increased and who did not increase their holdings in 1944, and with respect to the proportions who increased them mainly in war bonds and who increased them in diversified ways.

More than a fifth of the liquid asset holders
did not add to their holdings in 1944

The holdings of every type of liquid asset increased during 1944 in all three of the populations studied. But in each of the three populations there were some people who did not increase or who even reduced their liquid assets. About two-thirds of the holders in each population increased their total liquid assets by more than 10 percent, and a fifth to a third by more than 50 percent (Table 8). Among more than a fifth, assets did not change (by as much as 10 percent), or declined.

Holdings of war bonds were increased
by more people than holdings of bank deposits

The proportion of those who increased their holdings of war bonds is much larger in all three populations than the proportion who increased

Table 8. Distribution of Holders* According to the
1944 Changes in Their Total Liquid Assets

Changes in total liquid assets in 1944	Birmingham	Douglas County nonfarm	Douglas County farm
Increased	62%	68%	67%
By 50 percent or more	33%	32%	21%
By 10 to 49 percent	17	24	39
No assets a year ago	10	7	1
Amount of increase not ascertained	2	5	6
No change (from 9 per- cent decrease to 9 percent increase)	11	13	12
Decreased (by 10 per- cent or more)	10	10	9
Not ascertained	17	9	12
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	357	184	156

*Spending units having liquid assets as of January or February 1945.

their time and demand deposits (Table 9). In the course of 1944 many more people kept their bank deposits unchanged than their holdings of war bonds.

Table 9. Distribution of Holders of War Bonds, Time Deposits, and Demand Deposits According to the 1944 Changes in Their Holdings of These Assets

Changes made during 1944	War bonds	Time deposits*	Demand deposits
<u>Birmingham</u>			
Increased assets	78%	54%	33%
Did not change assets	7	26	42
Decreased assets	7	12	13
Changes not ascertained	8	8	12
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	324	183	160
<u>Douglas County nonfarm</u>			
Increased assets	78%		49%
Did not change assets	10		40
Decreased assets	6		9
Changes not ascertained	6		2
	<u>100%</u>		<u>100%</u>
Number of cases	153		115
<u>Douglas County farm</u>			
Increased assets	84%		39%
Did not change assets	10		40
Decreased assets	1		13
Changes not ascertained	5		8
	<u>100%</u>		<u>100%</u>
Number of cases	140		154

*Not shown for Douglas County because the number of time-deposit holders in the two Douglas County samples is small.

In 1944 large percentage increases in liquid assets
were no more frequent among high-income
than among low-income people

Are those people who made the largest relative increases in their assets in 1944 predominantly people with high incomes, and those who did not add to their assets predominantly people with low incomes? Table 10 shows that this is not generally true. People who increased their holdings in 1944, and also people who increased them substantially (by more than 50 percent), are not more frequent in the high than in the low income brackets.

Table 10. Distribution of Holders in Each Income Bracket According to the 1944 Changes in Their Total Liquid Assets

(Birmingham and Douglas County combined)*

1944 changes in total liquid assets	Income groups					
	1	2	3	4	5	6
Increased by more than 10 per- cent	58%	61%	70%	66%	67%	53%
(Whereof: Increased by more than 50 percent)	(36)	(42)	(43)	(42)	(36)	(16)
Did not change or decreased	33	27	19	18	20	19
Change not ascertained	9	12	11	16	13	28
	100%	100%	100%	100%	100%	100%
Number of cases	108	106	163	178	72	50

Comparison of Table 10 with the data presented in Chapter I reveals that current incomes are more closely related to the amounts of total accumulated assets than to the relative size of the 1944 savings increments or decrements.

*There are no substantial differences among the three populations in this respect. For income classification, see Table 2 of the main report.

More Large Holders increased and
more Small Holders decreased their assets
in 1944

Whereas the different income groups do not differ significantly in their rate of saving during 1944, another breakdown of the populations studied shows such differences. The 1944 savings performances of the Large, Medium, and Small Holders within each income group* differ in the following respects (Table 11);

- (1) A greater proportion of the Small Holders than of either of the other two groups accumulated all their liquid assets in 1944-- that is, had assets in January 1945 but not in January 1944.
- (2) A greater proportion of the Small Holders than of the Large Holders reduced their total liquid assets in 1944. (3) Among those who had assets before 1944, a greater proportion of the Large Holders than of either of the other two groups increased their total liquid assets by more than 10 percent.

Table 11. Distribution of Large, Medium, and Small Holders
According to the 1944 Changes in Their Liquid Assets

Changes made in total liquid assets during 1944	Birmingham holders			Douglas County nonfarm holders			Douglas County farm holders		
	Me- Large dium Small			Me- Large dium Small			Me- Large dium Small		
All assets accumu- lated in 1944	2%	9%	21%	0%	3%	23%	0%	0%	2%
Assets increased more than 10%	68	62	41	78	70	44	86	69	54
Assets unchanged (from - 9% to + 9%)	15	9	12	13	18	11	8	11	22
Assets decreased more than 10%	5	11	17	7	7	19	4	14	14
Not ascertained	10	9	9	2	2	3	2	6	8
	100%	100%	100%	100%	100%	100%	100%	100%	100%

*See Chapter I, Section 3 of the Report for the definition of these holders.

Preference for saving in war bonds in 1944
is similar in Birmingham and Douglas County
and in the various income brackets

Were there any people, and if so how many, who put all or most of their 1944 savings into one type of liquid asset? Table 12 shows that in 1944 one-quarter to one-third of the people of the two areas surveyed were saving predominantly in war bonds, a much small proportion predominantly in bank deposits, and about a sixth in rather diversified ways (no single type of asset representing 75 percent of the increase in total assets). If only those persons who increased their liquid assets and whose savings patterns were ascertained are taken into account, the proportion of those who were saving predominantly in war bonds is almost 50 percent.

Table 12. Patterns of 1944 Changes in Liquid Assets

Pattern of changes	Birmingham	Douglas County nonfarm	Douglas County farm
Total liquid assets increased in 1944, and 75 percent or more of increase was			
in war bonds	25%	29%	32%
in time deposits	7	2	1
in demand deposits	1	9	13
in currency	1	2	1
Total liquid assets increased in 1944, and all types increased, but none represented 75 percent	15	15	17
Total liquid assets increased in 1944, and some types increased, some declined	3	3	1
Total liquid assets remained unchanged or declined	15	15	17
Pattern not ascertained	14	6	16
Have no liquid assets	19	19	2
	<u>100%</u>	<u>100%</u>	<u>100%</u>
Number of cases	423	231	160

The distribution of the 1944 savings patterns is rather similar in the three populations. Whereas in all tables referring to total liquid assets (Chapter I of the main report) there are substantial differences among the three populations studied, no such differences are indicated with respect either to the patterns of savings increments in 1944 or to the rate of saving in 1944 (see Table 8). Comparison of Table 12 with Table 5 shows that the great differences in the current holdings of Douglas County farmers and Birmingham residents are due to savings practices that prevailed prior to the year 1944.

The 1944 savings record differs from the findings on total liquid assets in still another respect. Whereas people with low incomes are much more likely than people with higher incomes to have all their liquid assets in one type of asset alone (see Table 6), all income groups are about alike in the extent to which they concentrated or diversified their 1944 savings increments.

Thus the savings performances of different kinds of people were more similar in 1944 than in the preceding years.

APPENDIX V. THE "NON-HOLDERS"

PERSONS WHO HAD NO LIQUID ASSETS at all in January 1945 represent about 19 percent of the people in Birmingham and Douglas County (farm operators excluded). As shown in Table 3 of the main report, non-holders are frequent in the lowest income bracket, occur in fair numbers in the second and third income brackets (from \$25 to \$54 weekly income), and are practically non-existent in the three upper income brackets. In order to determine further characteristics of the non-holders, the populations of Birmingham and Douglas County are divided in Table 13 into two groups, those who hold and those who do not hold any liquid assets. Then it is indicated that 82 percent of the non-holders have weekly incomes of less than \$35 (and 62 percent weekly incomes of less than \$25).

The size of current income is more influential than any other factor in determining whether a person holds or does not hold any liquid assets. Inspection of Table 13 reveals that the difference between non-holders and holders of assets is greatest with respect to current incomes. Substantial differences are indicated concerning certain factors that are closely related to income: Among those who have no liquid assets persons with low education, unskilled workers, and--in Birmingham--colored people (see Table 11 of the report) predominate.

Income changes since Pearl Harbor may also have been relevant in enabling a person to accumulate or not to accumulate any liquid assets. Those whose incomes have decreased since Pearl Harbor are more frequent among the non-holders than among the holders. Similarly, those who say that they are financially not better off than before the war are more frequent among the former than among the latter.*

Concerning age and the number of persons in the spending unit the differences between non-holders and holders are small. Yet the direction of the differences is of some interest: Among the non-holders older people and small families are somewhat more frequent than among the holders. Most of the difference is accounted for by the fact that in the populations studied there are more retired people without assets than with assets.

*This subjective evaluation of the change in one's financial situation is closely related to income changes since Pearl Harbor, but there are many more people who say they are worse off than before the war than there are people whose incomes declined, the difference being attributed mainly to the increased cost of living.

Table 13. Comparison of Holders and Non-Holders of Liquid Assets
(Birmingham and Douglas County combined)

Characteristic	Holders	Non-holders
<u>Current income</u>		
In income brackets 1 and 2*	30%	82%
In income brackets 3 to 6	66	18
<u>Income changes since Pearl Harbor</u>		
Income decreased by 20% or more	8%	17%
Did not change (by as much as 20%)	20	21
Increased by 20% or more	66	48
<u>Subjective evaluation of change in financial status since Pearl Harbor**</u>		
Worse off now	18%	27%
Same	30	49
Better off now	49	19
<u>Education</u>		
Grade school or less	44%	77%
High school or college	52	20
<u>Occupation***</u>		
Professional, managerial, clerical and skilled workers	63%	20%
Unskilled, semi-skilled, or service workers	30	54
Unemployed and retired people	6	26
<u>Number of persons in spending unit</u>		
One or two	50%	59%
Three or more	50	41
<u>Age</u>		
Over 45 years	49%	57%
Under 45 years	50	43
Number of cases	697	117

*For income classification, see Table 2 of the main report.

**Based on answers to the question "Would you say you are better off or worse off financially now than you were before the war?"

***Farm operators in Douglas County excluded; 98 percent of them have liquid assets.

Note: Where groups of percentages add to less than 100, information was not ascertained for all cases.

APPENDIX VI. NOTE ON SAMPLING

THE AREA SAMPLING METHOD, now generally employed by the Division of Program Surveys, was used to select the respondents for this survey. It is the only sampling method that reflects changes in the population that have taken place since the 1940 Census. Furthermore, the method does not permit personal bias to influence the choice of respondents.

The first step in drawing the sample was to obtain large detailed maps of Birmingham and Douglas County. For Birmingham, fire insurance company maps were used. They contained diagrams of every block in the city showing the location, address, and type of construction of every house on each block. For Douglas County, enlarged aerial photographs were used as maps. These were on a scale of eight inches to the mile, and on them the location of all buildings in the county could be easily seen.

The next step was to divide the maps into small sub-areas, such that each sub-area contained only a few dwellings. In Douglas County, this was a relatively simple problem. On the aerial photographs, the open country part of the whole county was marked off into sub-areas, all these sub-areas were numbered consecutively in geographic order, and every eighth area was then selected to form the final sample. Each town was treated as an area, and subsampled; in the towns, the interviewers started at one end and proceeded systematically, counting houses and interviewing at every seventeenth. In making generalizations about Douglas County as a whole, the two samples were differentially weighted so as to give proper representation to the farm and nonfarm parts of the population.

In Birmingham the problem was more complicated because the population is much greater. An overall sampling rate of 1 in 230 was used. Fundamentally, the procedure was the same, but instead of dividing up the entire city an intermediary step was introduced; this step consisted of selecting a representative sample of city blocks, and then making the final division into small areas within these blocks.

The selected sample areas were carefully outlined on duplicate maps. These were sent to the interviewers, with instructions to visit every

dwelling within the boundaries of each area marked. By making inquiries at each dwelling, the interviewers classified the residents into spending units, and then interviewed the head of each such unit.

In selecting sample areas in Birmingham, the parts of the city where upper-income people were more likely to live were sampled at twice the rate of the rest of the city. This was done in order to obtain a more detailed and accurate picture of this relatively small but, for the purposes of this study, extremely important part of the population. This means that in making generalizations about Birmingham as a whole the sample had to be weighted to avoid overrepresentation of upper-income spending units. The percentages presented in this report were therefore calculated on a weighted basis, although wherever the number of cases is stated in a table it is the number of actual interviews from which information was obtained.

In section 3 of Chapter I (in the main report), the samples were divided into equal thirds called Large Holders, Medium Holders, and Small Holders. In Birmingham, the weighted number was the same for Large, Medium, and Small Holders; the unweighted number (i.e., the actual count of interviews) varied somewhat from group to group. The unweighted figures were 117 Large Holders, 107 Medium Holders, and 94 Small Holders.